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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-074]

Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People's Republic of China: Final Affirmative Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of common alloy aluminum sheet (common alloy sheet) from the People's Republic of China (China) for the period of investigation (POI) January 1, 2016, through December 31, 2016.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Yasmin Bordas, Lana Nigro, or John Anwesen, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3813, (202) 482-1779, or (202) 482-0131, respectively.

SUPPLEMENTARY INFORMATION:

Background

On April 23, 2018, Commerce published in the *Federal Register* the *Preliminary Determination* and invited interested parties to comment.¹ A summary of the events that

¹ See *Common Alloy Aluminum Sheet from the People's Republic of China: Preliminary Affirmative Countervailing Duty (CVD) Determination, Alignment of Final CVD Determination with Final Antidumping Duty Determination, and Preliminary CVD Determination of Critical Circumstances*, 83 FR 17651 (April 23, 2018) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM).

occurred since Commerce published *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Issues and Decision Memorandum that is dated concurrently with this determination and hereby adopted by this notice.²

The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed Issues and Decision Memorandum and the electronic version are identical in content.

Scope Comments

We invited parties to comment on Commerce's Scope Comments Preliminary Decision Memorandum.³ Commerce has reviewed the briefs submitted by interested parties, considered the arguments therein, and has made no changes to the scope of the investigation. For further discussion, *see* Commerce's Scope Comments Final Decision Memorandum.⁴

Methodology

Commerce conducted this countervailing duty (CVD) investigation in accordance with section 701 of the Tariff Act of 1930, as amended (Act). For each of the subsidy programs found to be countervailable, we determine that there is a subsidy (*i.e.*, a financial contribution by an

² See Memorandum, "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People's Republic of China," dated concurrently with this determination and hereby adopted by this notice (Issues and Decision Memorandum).

³ See Memorandum, "Common Alloy Aluminum Sheet from the People's Republic of China: Scope Comments Preliminary Decision Memorandum," dated June 15, 2018.

⁴ See Memorandum, "Common Alloy Aluminum Sheet from the People's Republic of China: Scope Comments Final Decision Memorandum," dated concurrently with this memorandum.

“authority” that gives rise to a benefit to the recipient) and that the subsidy is specific. For a full description of the methodology underlying our final determination, *see* the Issues and Decisions Memorandum.

Scope of the Investigation

The merchandise covered by this investigation is common alloy sheet from China. For a complete description of the scope of this investigation, *see* Appendix I.

Verification

As provided in section 782(i) of the Act, in June 2018, we conducted verification of the questionnaire responses submitted by Henan Mingtai Industrial Co., Ltd. and Zhengzhou Mingtai (collectively, Mingtai); and Yong Jie New Material Co., Ltd. (Yong Jie New Material). We issued verification reports on July 3, 2018.⁵ We used standard verification procedures, including an examination of relevant accounting and financial records, and original source documents provided by Mingtai and Yong Jie New Material.

Period of Investigation

The POI is January 1, 2016, through December 31, 2016.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation, and the issues raised in the case and rebuttal briefs submitted by the parties, are discussed in the Issues and Decision Memorandum. A list of the issues that parties raised, and to which we responded in the Issues and Decision Memorandum, is attached to this notice at Appendix II.

⁵ *See* Commerce Memoranda, “Verification of the Questionnaire Responses of Henan Mingtai Al Industrial Co., Ltd. and Zhengzhou Mingtai Industry Co., Ltd.: Countervailing Duty Investigation of Common Alloy Sheet from the People’s Republic of China,” (Mingtai Verification Report) and “Verification of the Questionnaire Responses of Yong Jie New Material: Countervailing Duty Investigation of Common Alloy Sheet from the People’s Republic of China,” (Yong Jie New Material Verification Report), both dated July 3, 2018.

Final Affirmative Determination of Critical Circumstances

In the *Preliminary Determination*, we found that critical circumstances exist for the Chalco companies and “all-others.” For this final determination, pursuant to section 705(a)(2) of the Act, we continue to find that critical circumstances exist for the Chalco companies and “all-others.” For a full description of the methodology and results of Commerce’s critical circumstances analysis, see Final Determination Critical Circumstances Analysis Memo⁶ and Issues and Decision Memorandum at “Final Determination of Critical Circumstances, In Part” and Comments 2 and 3.

Use of Adverse Facts Available (AFA)

For purposes of this final determination, we relied on facts available, and because certain respondents did not act to the best of their ability in responding to Commerce’s requests for information, we drew an adverse inference, where appropriate, in selecting from among the facts otherwise available.⁷ The subsidy rates for Chalco Ruimin Co., Ltd. and Chalco-SWA Cold Rolling Co., Ltd. (collectively, the Chalco companies) are based entirely on AFA. A full discussion of our decision to rely on AFA is presented in the “Use of Facts Otherwise Available and Adverse Inferences” section of the Issues and Decision Memorandum.

Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, and minor corrections presented at verification, we made certain changes to the respondents’ subsidy rate

⁶ See Memorandum, “Calculations for Final Determination of Critical Circumstances in the Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People’s Republic of China,” dated concurrently with final determination; *see also* Memorandum, “Calculations for Preliminary Determination of Critical Circumstances in the Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People’s Republic of China,” dated April 16, 2018.

⁷ See sections 776(a) and (b) of the Act.

calculations since the *Preliminary Determination*. For a discussion of these changes, see the Issues and Decision Memorandum and the Final Calculation Memoranda.⁸

All-Others Rate

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated an individual rate for each producer/exporter of the subject merchandise individually investigated.

In accordance with section 705(c)(5)(A) of the Act, for companies not individually investigated, we apply an “all-others” rate, which is normally calculated by weighting the subsidy rates of the individual companies selected as mandatory respondents by those companies’ exports of the subject merchandise to the United States. Under section 705(c)(5)(A)(i) of the Act, the “all-others” rate excludes zero and *de minimis* rates calculated for the exporters and producers individually investigated as well as rates based entirely on facts otherwise available. Where the rates for the individually investigated companies are all zero or *de minimis*, or determined entirely using facts otherwise available, section 705(c)(5)(A)(ii) of the Act instructs Commerce to establish an “all-others” rate using “any reasonable method.”

Pursuant to section 705(c)(5)(A)(i) of the Act, we calculated the “all-others” rate using the subsidy rates of Mingtai and Yong Jie New Material, the only two mandatory respondents not receiving a subsidy rate based totally on section 776 of the Act. However, we have not calculated the “all-others” rate by weight-averaging these two rates because doing so risks disclosure of proprietary information.⁹ Therefore, and consistent with Commerce’s practice, for

⁸ See Memoranda, “Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People’s Republic of China: Final Determination Calculation Memorandum for Henan Mingtai Industrial Co., Ltd. and Zhengzhou Mingtai,” dated November 5, 2018 (Mingtai Final Calculation Memorandum) and “Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People’s Republic of China: Final Determination Calculation Memorandum for Yong Jie New Material Co., Ltd.,” dated November 5, 2018 (Yong Jie New Material Final Calculation Memorandum).

⁹ We could not use the submitted publicly ranged data to calculate the all-others rate because, Yong Jie New Material did not establish its publicly ranged data in the manner required by 19 CFR 351.304(c).

the “all-others” rate, we calculated a simple average of these two mandatory respondents’ subsidy rates.

Company	Subsidy Rate
Chalco Ruimin Co., Ltd.	116.49 percent
Chalco-SWA Cold Rolling Co., Ltd.	116.49 percent
Henan Mingtai Industrial Co., Ltd./Zhengzhou Mingtai Industry Co., Ltd. ¹⁰	46.48 percent
Yong Jie New Material Co., Ltd. ¹¹	55.02 percent
All-Others	50.75 percent

Final Determination

Disclosure

We intend to disclose to parties in this proceeding the calculations performed for this final determination within five days of the date of public announcement of our final determination, in accordance with 19 CFR 351.224(b).

Suspension of Liquidation

As a result of our *Preliminary Determination*, and pursuant to sections 703(d)(1)(B) and (2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of merchandise under consideration from China that were entered or withdrawn from warehouse, for consumption, on or after April 23, 2018, the date of publication of the *Preliminary Determination* in the *Federal Register*. Also, as a result of our *Preliminary Determination*, we instructed CBP to suspend liquidation on entries of merchandise under

¹⁰ As discussed in the Preliminary Decision Memorandum, Commerce has found Henan Gongdian Thermal Co., Ltd. to be cross-owned with Henan Mingtai Industrial Co., Ltd. and Zhengzhou Mingtai Industry Co., Ltd.

¹¹ As discussed in the Preliminary Decision Memorandum, Commerce has found the following companies to be cross-owned with Yong Jie New Material: Zhejiang Yongjie Aluminum Co., Ltd.; Zhejiang Nanjie Industry Co., Ltd.; Zhejiang Yongjie Holding Co., Ltd.; and Nanjie Resources Co., Ltd.

consideration from China for the Chalco companies and “all-others” effective January 23, 2018. In accordance with section 703(d) of the Act, on August 20, 2018, we instructed CBP to discontinue the suspension of liquidation of all entries at that time.

If the U.S. International Trade Commission (the ITC) issues a final affirmative injury determination, we will issue a CVD order, will reinstate the suspension of liquidation under section 706(a) of the Act, and will require a cash deposit of estimated CVDs for such entries of subject merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated, and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

International Trade Commission Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Notification Regarding Administrative Protective Orders

This notice also serves as a reminder to parties subject to administrative protective orders (APOs) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return or destruction of APO materials or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

Return or Destruction of Proprietary Information

In the event the ITC issues a final negative injury determination, this notice serves as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation subject to sanction.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act.

Dated: November 5, 2018.

Gary Taverman,
*Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance.*

Appendix I

Scope of the Investigation

The merchandise covered by the investigation is aluminum common alloy sheet (common alloy sheet), which is a flat-rolled aluminum product having a thickness of 6.3 mm or less, but greater than 0.2 mm, in coils or cut-to-length, regardless of width. Common alloy sheet within the scope of the investigation includes both not clad aluminum sheet, as well as multi-alloy, clad aluminum sheet. With respect to not clad aluminum sheet, common alloy sheet is manufactured from a 1XXX-, 3XXX-, or 5XXX-series alloy as designated by the Aluminum Association. With respect to multi-alloy, clad aluminum sheet, common alloy sheet is produced from a 3XXX-series core, to which cladding layers are applied to either one or both sides of the core.

Common alloy sheet may be made to ASTM specification B209-14, but can also be made to other specifications. Regardless of specification, however, all common alloy sheet meeting the scope description is included in the scope. Subject merchandise includes common alloy sheet that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the common alloy sheet.

Excluded from the scope of the investigation is aluminum can stock, which is suitable for use in the manufacture of aluminum beverage cans, lids of such cans, or tabs used to open such cans. Aluminum can stock is produced to gauges that range from 0.200 mm to 0.292 mm, and has an H-19, H-41, H-48, or H-391 temper. In addition, aluminum can stock has a lubricant applied to the flat surfaces of the can stock to facilitate its movement through machines used in the manufacture of beverage cans. Aluminum can stock is properly classified under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7606.12.3045 and 7606.12.3055.

Where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set for the above.

Common alloy sheet is currently classifiable under HTSUS subheadings 7606.11.3060, 7606.11.6000, 7606.12.3090, 7606.12.6000, 7606.91.3090, 7606.91.6080, 7606.92.3090, and 7606.92.6080. Further, merchandise that falls within the scope of these investigation may also be entered into the United States under HTSUS subheadings 7606.11.3030, 7606.12.3030, 7606.91.3060, 7606.91.6040, 7606.92.3060, 7606.92.6040, 7607.11.9090. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Final Determination of Critical Circumstances, In Part
- IV. Scope of the Investigation
- V. Scope Comments
- VI. Subsidies Valuation Information
- VII. Benchmarks and Discount Rates
- VIII. Use of Facts Otherwise Available and Adverse Inferences
- IX. Analysis of Programs
- X. Analysis of Comments
 - Comment 1: Whether Commerce's Self-Initiation of This Investigation Was Lawful
 - Comment 2: Whether Commerce's Investigation of Critical Circumstances Was Lawful
 - Comment 3: Whether to Make a Separate Critical Circumstances Determination for TCI
 - Comment 4: Whether Commerce Should Continue to Apply AFA to the Export Buyer's Credit Program
 - Comment 5: Whether Commerce's Finding that the Aluminum and Steel Coal Markets are Distorted is Supported by Substantial Evidence
 - Comment 6: Whether Commerce Should Apply AFA to Yong Jie New Material's Financing
 - Comment 7: Whether Commerce Should Adjust Its Benefit Calculation for the Provision of Land for Less Than Adequate Remuneration
 - Comment 8: Whether Commerce Should Apply AFA to Mingtai's Financing
 - Comment 9: Whether Commerce Should Amend Its Preliminary Calculation for Subsidies Received by Mingtai
- XI. Recommendation

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